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FROM : Amembassy HELSINKI

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132
DESP. NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON.

September 9, 1960

DATE

REF :

SEP 10 1960

For Dept. Use Only	ACTION	DEPT.
	REC'D	IN F OTHER
17	EUR-5	BmR-2 INR-7 m/o-7 m/oP-1 E-7 ICA-11 S/P-1 Rp-1
	9-14	Cia-10 USA-10 OLB-2 US-4 Army-4 Navy-3 Air-6 NSA-2

SUBJECT: Current Position of the President and Political Parties

Copenhagen-1 Aggr. 8 Com-10
 London-1 Oslo-1 LAB-6
 Moscow-1 Stockholm-1

Summary

The exacerbation of old political conflicts, gropings for new alignments at the price of new divisions among Finland's non-communist forces, and a strengthened position for the Agrarian Government and the President provide the background for the opening of a new parliamentary season and preparation for nation-wide local elections (October 2-3).

During the spring and early summer of 1960, political infighting in Finland intensified. Tenuous hopes for achieving a modus vivendi between the Social Democrats and the Agrarians were buried under even harsher enmity than has previously prevailed. The critical breach in Socialist ranks which had led to the formation of the Social Democratic Opposition (Skogists) was the subject of fruitless confidential negotiations among leaders of the contending factions. The contest between Skogists and regular Socialists for control of the Confederation of Trade Unions (SAK) moved inexorably toward the open break which occurred in late spring. Although their significance is not yet calculable, new divergencies arose within as well as between the Social Democratic and Conservative Parties. An important segment of the Conservative leadership has been seeking the road to collaboration with the governing Agrarian Party. The Social Democrats have come dangerously close to isolation in their struggle with the Agrarians, while the Social Democratic Opposition and Communists have gained in influence. At the same time, the Agrarians have become more anxious over the potential effect of renegade Agrarian VENNAMO's still untested Small Peasants Party.

Political Conflict Spreads

At their triennial congress in April the controlling Social Democratic leadership committed their party to an uncompromising "hard line" (D-667, April 28, 1960). In seeking to improve their own fortunes, the Socialists aimed at overthrow of the Agrarian minority government, early dissolution of Parliament and, looking to the Presidential elections two years hence, discrediting President Kekkonen. Although not inconsistent with the previously predominant tone of Social Democratic policy, formal adoption of this line while there were still some faint hopes for Socialist-Agrarian rapprochement disturbed both moderate Social Democrats and non-Socialists who previously had made common cause with the Social Democratic Party.

HFNelson Jr:bk
REPORTER

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Page 2 of
Encl. No.
Desp. No. 132
From Helsinki

On the trade union level the Skogists persisted in their collaboration with the Communists in the executive organs of SAK, thereby clearly placing the Social Democrats in the minority and giving the Communists a new position of influence. The resignation of Social Democrat HEINONEN from his post as SAK Chairman in May set off a movement by several Social Democratic unions to withdraw from the Confederation. This process is expected soon to culminate in formation of a rival national confederation, thus promising increasingly intense trade union conflicts (D-131, September 9, 1960).

B/ED
The Agrarians responded in kind to the aggressive Social Democratic stance. Seizing opportunities provided by festering Socialist disputes, they redoubled their efforts to whittle away at the Social Democratic position. The Agrarians became even more adamant in their refusal to treat with the existing Social Democratic leadership and campaigned more diligently for the sympathy and cooperation of disaffected Socialists and other political elements. The Agrarian Party was encouraged by Conservative parliamentary leader HETEMÄKI's surprisingly conciliatory foreign policy speech in early spring (D-641, April 20, 1960) to believe that an important segment of the Conservative leadership was seeking a new orientation closer to the Agrarians. At the same time, they could calculate with certainty on the collaboration of the Skogists who are urgently desirous of gaining prestige and with whom the Agrarians have a close community of interest in undermining the Social Democrats. The Agrarians also moved to deal with Vennamo. In a "leftward shift" the Agrarian Party Congress adopted an expanded and universally applicable social welfare program and endorsed proposals for confiscation of both government and private lands for distribution among impoverished small farmers who constitute Vennamo's principal hope.

In June, **B/IE** in close cooperation with the Skogists and some key Conservative leaders, the Agrarians made two nearly successful attempts to create an entirely new coalition government (Agrarians, Conservatives, Skogists, Swedes and Liberals) which would have silenced numerous opposition voices and left the Social Democrats in isolation with the Communists (D-74 June 8 and D-777, June 24, 1960). Although the two efforts failed, they left a legacy of tension. Mutual Agrarian-Social Democratic bitterness increased. A new divisive strain appeared within Conservative ranks, a number of Conservatives having strongly and adversely reacted to the maneuver and the manner in which it was conducted. More trouble emerged in the form of previously non-existent Social Democratic resentment toward those Conservative elements who aided the Agrarian maneuver.

Presidential and Agrarian Position Improved

These developments -- particularly the weakening of the Social Democrats and Conservative moves toward accommodation with the Agrarians -- strengthened the hand of the minority Agrarian Government and of President Kekkonen in his bid to secure re-election in 1962 and retain firm control of Finland's destiny.

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Page 3 of

Encl. No.

Date No. 132

WE.

For the Ambassador

Harvey F. Nelson, Jr.

Harvey F. Nelson, Jr.
Second Secretary of Embassy

Dept. please pass to: Amembassies Copenhagen, London, Moscow, Oslo, Stockholm.

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